EMPLOYMENT IN GOVERNMENT IN THE PERSPECTIVE OF THE PRODUCTION COSTS OF GOODS AND SERVICES IN THE PUBLIC DOMAIN

Elsa Pilichowski and Édouard Turkisch

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EMPLOYMENT IN GOVERNMENT IN THE PERSPECTIVE OF THE PRODUCTION COSTS OF GOODS AND SERVICES IN THE PUBLIC DOMAIN

Background

As part of its work programme for 2005-2006, the Public Governance Committee of the OECD mandated the Public Governance and Territorial Development Directorate of the OECD (GOV) to start developing comparable data and indicators of good government and efficient public services. This work is ongoing and is part of GOV's work programme for 2007-2008. Within the overall framework of the project, GOV has been mandated to develop a new methodology to gather comparable data on public employment.

Traditionally, there were two types of difficulties with data on public employment, that we were not able to resolve before this exercise:

- A number of technical and conceptual difficulties related to definitions and data availability: i) The notions of "public employment", "government organisations", "the public sector" or "public services" vary across countries, depending on countries' own definitions of what "public" or "government" means. Data on "public" employment available in the different countries reflect those differences as to what "public" means, and are thus meaningless to compare across countries; ii) When gathering data using a common definition based on the classification of organisations according to the definitions of the Systems of National Accounts, the consistency of available data with those definitions was impossible to achieve as most countries did not have data available that strictly reflected the definitions of the SNA. [1]
- In addition to not being comparable across countries, data on employment in "public organisations" could not be used as partial inputs in the construction of indicators for measuring the efficiency or productivity of government organisations. Indeed, employment in public organisations is only a meaningful input into a productivity indicator when the costs of public services provided by private organisations is taken into account as well.

Achieving a consistent and acceptable classification has thus first required establishing a terminology and a new definition of what GOV has coined the "public domain" – that includes not only services provided by government-owned or government-controlled organisations, but also services funded (directly or indirectly) by government but provided by private organisations. Although originally the project aimed at gathering information on employment only, difficulties with the availability of data have led GOV to broaden the scope of its project and compare employment data in government to the costs of production of services of the public domain.

The new classification is now consistent with the SNA. This is very important as, first, the SNA reflects a well-established consensual classification of the components of the public sector. Second, although only partial data on employment numbers for some sub-fields of the public domain are available, financial data on other sub-fields of the public domain are available from the SNA, allowing the comparison of employment data in government to the wider costs of production of services of the public domain.

The new methodology was first presented at the 2005 meeting of the OECD Working Party of National Accounts, and at the OECD Public Employment and Management Working Party (PEMWP) meeting in

[1] SNA employment data have traditionally been available for the "General Government" sector for some countries. These data, however, were aggregated for General Government, and their actual consistency with the range of units included in General Government definition of the SNA was doubtful for a number of countries.

2005. The questionnaire on Comparison of Employment in the Public Domain (CEPD) was launched in mid 2006. A preliminary analysis of the results was presented to the PEMWP in December 2006. A new draft was then sent to member countries mid 2007 that included comments received at the meeting in December 2006. A revised draft was then discussed at the meeting of the PEMWP in November 2007 that included the many comments received from OECD member countries on the new data and classification in 2007.

Next steps

This document will be followed by the publication of the compilation of country sheets for the 30 OECD member countries, which will summarise conclusions for each OECD country drawn from the comparative data presented in this document.

Foreword

The project has been led by Elsa Pilichowski (tel: +33 1 45 24 76 12; email: elsa.pilichowski@oecd.org) and Edouard Turkisch (+33 1 45 24 85 68; email: edouard.turkisch@oecd.org). The authors are particularly grateful to the following OECD colleagues for significant strategic inputs and advice: Dirk Kraan, Nick Manning (now at the World Bank), Vincenzo Spiezia and François Lequillier (now at the INSEE, France). Evelyne Misak and Laurent Nahmias provided significant statistical inputs to the project.

INTRODUCTION AND CONCEPTS

As mentioned in the background section, the goals of the methodology have been:

i. to measure the production costs of goods and services of " the public domain" (goods and services produced by the public sector, and by the private sector but funded by government); and,

ii. to put public employment numbers and costs in the perspective of these wider costs.

The idea behind this methodology was thus not only to measure employment in government, which gives an indication of the size of employment that government has to manage, with usually different employment rules from the private sector. It was also to measure the other costs associated to the production of goods and services funded by government, and especially those produced by the private sector. For example, the levels of employment and compensation costs in Government in one country may be high compared to other countries. However, if the same country has relatively lower costs of services produced by the private sector but funded by government, it may be that overall the country has lower costs of production of goods and services in the public domain compared to other countries.

The comparison of the production costs of goods and services in the public domain are not an indication of efficiency or productivity per se. Indeed, these data give no indication as to the quantity or quality of those goods and service in the public domain. Over time, however, if there is a similar level and quality of services produced, changes in the production costs can indicate changes in productivity and efficiency in the delivery of goods and services in the public domain on a per country basis.

The data in this document are particularly well adapted to an analysis per country, as many country-specific factors need to be analysed before conclusions can be drawn for each country. These country-specific factors can only be analysed through the review of the country questionnaire and other data available to the OECD in other parts of its work. Direct comparisons across countries should only be made with extreme caution, and only after reviewing the country specificities. Throughout the report, the analysis of the data constitutes a body of indications regarding staff numbers and costs and only an analysis of all data can give an interesting picture for each country.

The public domain includes goods and services produced:

i) by government-owned or controlled organisations.[2]

ii) by private actors when funded directly, or indirectly, by government for the delivery of goods and services, with a direct link between these goods and services and funding.[3]

iii) by monopolistic concessions of legal monopolies.

[2] In the SNA, these organisations are "General Government" and (quasi) public enterprises

[3] In the SNA, the proxies for the financial transfers from General Government to these organisations are "intermediate consumption" and "social transfers in kind via market producers."

The organisations which *deliver goods and services in the public domain* can thus be public (ministries, public schools, public enterprises) or private (private hospitals funded through social security funding, private schools financed by public funds, sub-contracted private enterprises that are providing goods or services to public units[4], concessions of legal monopoly, etc.). Similarly, they can be publicly financed (ministries, schools) or not (publicly owned enterprises but financed by the revenues of the fees paid by the users, concessions of legal monopolies). The full description of the organisations included in the public domain and their consistency with the classification of the SNA is developed in annex.

In order to measure the *production costs of goods and services in the public domain*, the total expenditures of General Government have been divided into four categories:

1. Expenditures allocated to the production of goods and services in the public domain,[5] whether produced and delivered by public organisations or by private organisations.

2. Transfers in cash to economic actors that are aimed at influencing the level of production of the producers or the level of consumption of consumers.[6] These transfers include subsidies to economic actors and citizens. They can support actively the level of production in sectors considered to be strategic, like the agriculture or the aviation sectors in some countries. However these kinds of expenditures are not directly linked to the production of goods or services in exchange for public funding.[7] They are thus excluded from the public domain.

3. Some liabilities of the General Government Sector.[8] Similarly, they are not directly linked to the production of goods or services. They are thus excluded from the public domain

4. Investment in gross capital formation or non-produced assets of the General Government Sector[9] (e.g. acquisition of buildings). In this report, they are not considered to be part of direct costs of production of goods or services. They are thus excluded from the public domain.

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4 This can encompass a large part of the domestic economy and also includes imports.

5 This includes the following items in the System of National Accounts:

- Public costs of production by units of the General Government Sector:
  - Compensation of employees, payable
  - Intermediate consumption
- Public costs of production of goods and services delivered by the market but financed by public funding:
  - Social transfers in kind (via market producers) payable

6 These are the results of policies aimed at influencing the level of production of the market or at supporting the consumption or wealth of households. This includes:

- Subsidies, payable
- Social benefits other than social transfers in kind, payable
- Other current transfers, payable
- Adjustment for the net equity of households in pension funds
- Capital transfers, payable

7 In some cases, some countries may classify transfers in cash differently, resulting in some difficulties in the interpretation between transfers in cash and transfers in kind.

8 This includes:

- Interest, payable
- Other property income, payable
- Current taxes on income, wealth etc., payable
- Other taxes on production, payable

Main limitations of the methodology

Fees and sales to users that are not counted in General Government spending (most importantly, that are not refunded to users by General Government) are not counted in the public domain. This is most important for the following categories of organisations:

a. Public (quasi) corporations ("public enterprises"): however, through the CEPD, we have gathered data about the number of employees in those organisations that can give an indicative idea of the size of production costs in this category of organisations.

b. Concessions of legal monopolies, which have thus been excluded.

Main limitations of employment data and their linkages to the production costs of goods and services in the public domain

In most cases, employment data gathered in the CEPD questionnaire are in number of employees, except for Austria, Netherlands, Sweden, and Switzerland where they are in full time equivalents. Employment numbers for those countries are thus overestimated. If possible, corrections will be made to achieve consistency across all countries when data are made available.

Structure of the report

Part I presents the breakdown of Government expenditures and isolates the costs of production of goods and services in the public domain. It presents them as a percentage of public spending and GDP. Part II presents employment data for Government and public (quasi) corporations and compensation costs of per government employee. Part III presents some breakdowns of employment and compensation of employees in Government by level of government. Part IV presents another source of comparative data on employment in the "public administration" in a more limited sense (following the ISIC classification), which can help refine the analysis of the data on employment analysed above.

[9] This includes:
- Gross capital formation
- Acquisitions *less* disposals of non-produced assets

I. GOVERNMENT[10] EXPENDITURES ALLOCATED TO THE PRODUCTION OF GOODS AND SERVICES IN THE PUBLIC DOMAIN

This part will first present the breakdown of Government expenditures including those expenditures on goods and services in the public domain, and, second, the breakdown of expenditures on goods and services in the public domain.

I.a. Government expenditures allocated to the production of the goods and services in the public domain and other government expenditures

The breakdown of Government expenditures presented in Table 1 (as a percentage of GDP) and Table 2 (as a percentage of Government expenditures) allows a comparison across countries of how Government allocates its funding between the production of goods and services, the transfers to economic actors (supporting production or subsidising economic actors), some of its liabilities and investment.

[10] In this section, "Government" refers to the "General Government" sector in the SNA. General Government includes core ministries, departments and agencies, non market publicly owned hospitals, public schools, social security organizations etc. It includes units at all levels of governments including regions, provinces and municipalities.

Table 1. Government expenditures as a percentage of GDP, in 2005 (ranked in decreasing order by total Government expenditures in the GDP)

	Government expenditures for the production of goods and services in the public domain	Other liabilities of Government	Other transfers to other economic actors	Investment in gross capital formation or non-produced assets	Total expenditures
Sweden	28.9	2.7	22.3	2.8	56.6
France	24.2	3.1	23.0	3.5	53.7
Denmark	27.2	2.7	21.5	1.7	53.1
Finland	25.2	1.8	21.0	2.5	50.5
Hungary	22.2	4.1	19.8	3.9	49.9
Belgium	22.8	4.4	20.9	1.8	49.9
Austria	18.9	3.2	26.8	1.0	49.9
Italy	19.4	5.4	21.2	2.3	48.3
Portugal	21.9	2.7	20.0	2.9	47.4
Germany	19.3	2.8	23.5	1.3	46.9
Netherlands	25.0	2.5	14.8	2.9	45.2
United Kingdom	22.8	2.2	18.8	0.5	44.3
Czech Republic	20.5	1.3	17.1	4.9	43.7
Poland	17.8	2.9	19.2	3.5	43.3
Iceland	26.3	2.1	10.9	3.1	42.4
Norway	20.9	1.2	17.5	2.5	42.2
Luxembourg	16.5	0.2	20.8	4.5	41.9
New Zealand	20.4	2.3	14.0	3.3	40.0
Canada	20.3	4.9	11.6	2.5	39.3
Japan	16.1	2.5	13.9	5.7	38.1
Spain	17.4	1.8	15.3	3.6	38.1
Slovak Republic	16.7	1.6	17.6	2.1	38.0
Greece	14.0	4.0	16.6	2.9	37.5
United States	18.5	2.7	12.9	2.6	36.7
Switzerland	12.7	1.6	18.3	2.4	35.0
Ireland	16.4	1.0	13.3	3.7	34.4
Korea	13.8	1.0	8.1	6.0	28.9
Mexico*	10.8	2.3	4.6	1.7	19.5
Average	**19.9**	**2.5**	**17.3**	**2.9**	**42.7**
Median	**19.8**	**2.5**	**17.9**	**2.8**	**42.9**

Source: National Accounts, OECD

* The year refers to 2004.

Table 2. Government expenditures as a % of total government expenditures, in 2005 (ranked in decreasing order by level of government expenditures for the production of goods and services in the public domain)

	Government expenditures for the production of goods and services in the public domain	Other liabilities of Government	Other transfers to other economic actors	Investment in gross capital formation or non-produced assets
Iceland	61.9	5.0	25.7	7.3
Mexico*	55.7	11.5	23.8	9.0
Netherlands	55.7	5.3	32.7	6.4
Canada	52.4	11.7	29.5	6.4
Sweden	52.2	3.6	39.3	4.9
Denmark	51.5	4.8	40.5	3.2
UK	51.4	5.0	42.5	1.1
New Zealand	51.3	5.5	34.9	8.3
USA	50.4	7.4	35.1	7.0
Finland	50.0	3.4	41.6	4.9
Norway	49.7	2.9	41.5	6.0
Korea	47.7	3.3	28.1	20.9
Ireland	47.6	3.0	38.7	10.7
Czech Republic	46.9	2.8	39.0	11.2
Portugal	46.3	5.6	42.1	6.1
France	45.8	5.0	42.8	6.5
Belgium	45.8	8.8	41.9	3.6
Spain	45.7	4.7	40.1	9.5
Hungary	44.4	8.3	39.6	7.7
Slovakia	44.1	4.0	46.3	5.5
Japan	42.2	6.5	36.4	14.9
Italy	41.4	9.8	43.9	4.9
Poland	41.3	6.5	44.2	8.0
Germany	41.1	5.9	50.1	2.8
Luxembourg	39.4	0.4	49.5	10.7
Austria	38.3	6.0	53.7	2.0
Greece	37.4	10.7	44.2	7.7
Switzerland	36.4	4.5	52.2	6.9
Average	**46.9**	**5.8**	**40.0**	**7.3**
Median	**46.6**	**5.1**	**41.0**	**6.7**

Source: National Accounts, OECD

* The year refers to 2004.

These two tables above allow comparisons between the allocation of government expenditures to the production of goods and services in the public domain, and the allocation of government expenditures to other expenditures ("non productive expenditures"). It is striking that there is not necessarily a net correlation between the level of government expenditures in the economy and the levels of costs of production of goods and services in the public domain.

- For example, Iceland has a relatively average level of total expenditures a s a % of GDP, but the highest government expenditure for the production of goods and services in the public domain. The reasons for this result may vary: there may be a high level of services provided or funded by government in Iceland, or goods and services in the public domain may be particularly costly.

- On the other hand, France, for example, compared to other countries with similar levels of total government expenditures in the economy, has relatively lower costs of production of goods and services. This may be due to the fact that the level non productive transfers to the economy is very high in government expenditures, or to relatively lower levels of services, or to relatively less costly goods and services in the public domain.

Specific conclusions for each country have to be drawn very carefully. However, this new classification allows a first level of analysis and puts in perspective the costs of producing goods and services in the public domain with other expenditures of government in the economy.

I.b. Breakdown of production costs of goods and services in the public domain

Figures 1 to 6 provide a breakdown of government expenditures allocated to the production of goods and services in the public domain as a % of GDP and as a % of government expenditures. These include:

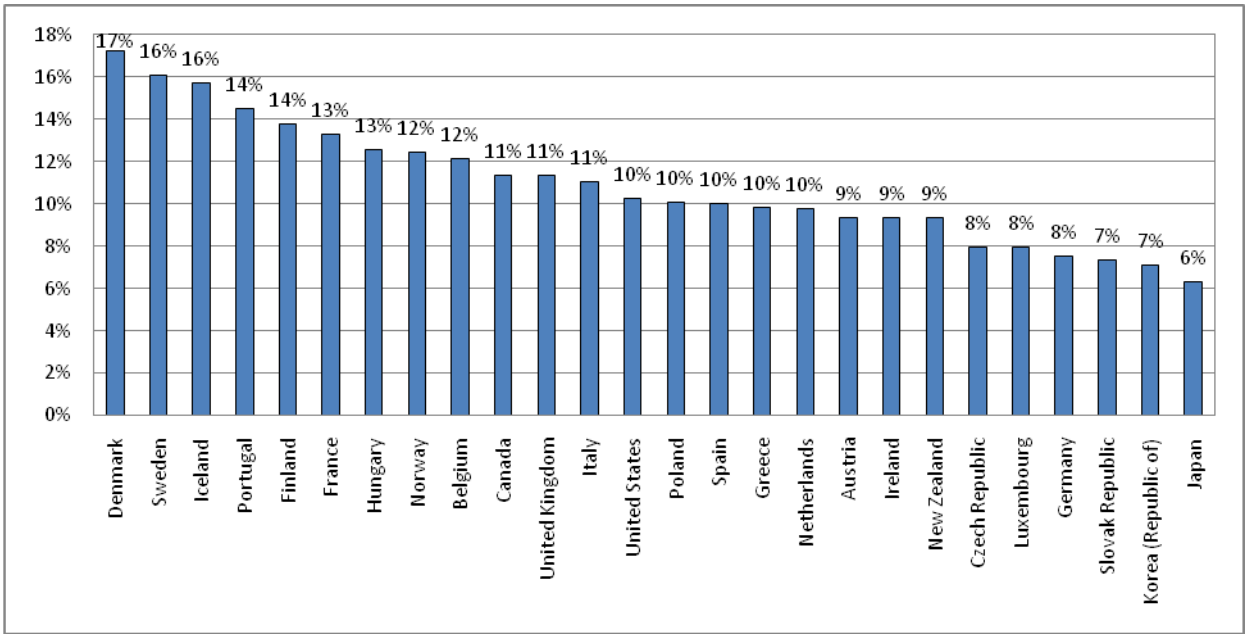
i) the compensation costs of employees in government (Figures 1 and 2);

ii) expenditures allocated to contracting out of services to be provided to government (IT, canteen, etc.) (Figures 3 and 4);

iii) expenditures allocated directly or indirectly to private economic actors for the provision of goods and services to citizens (Figures 5 and 6).

Figure 7 and Table 3 summarise the other figures.

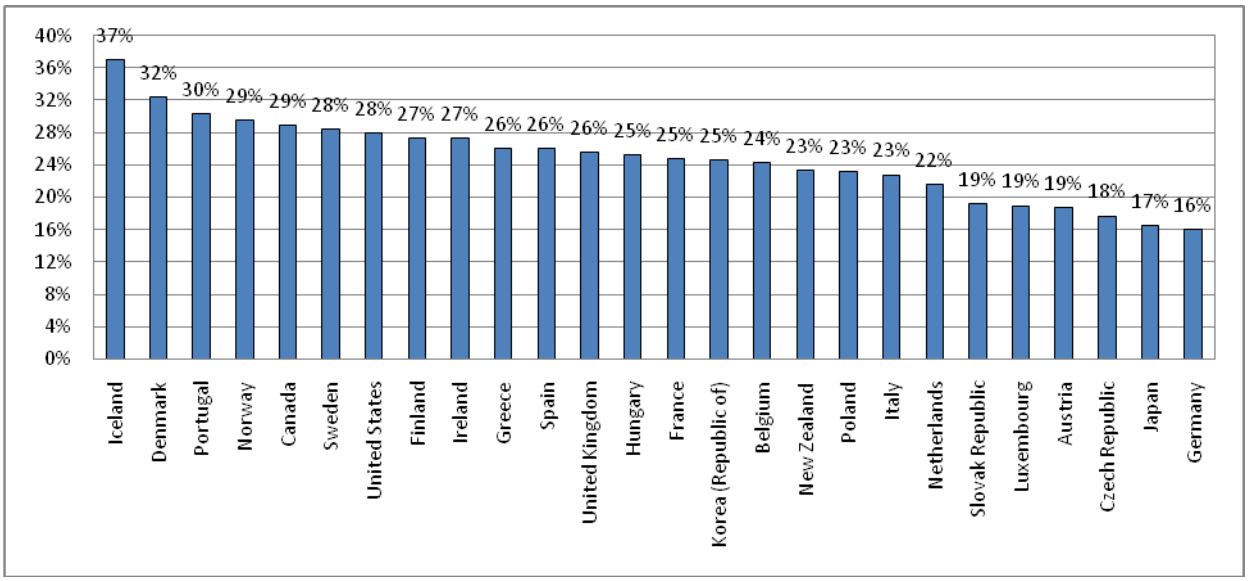
Figure 1. Compensation costs of employees in government as a % of GDP, in 2005[11]



Source: National Accounts, OECD

11 Comparisons of compensation of employees across countries should be made with caution and refined by taking into account the arrangements for the funding of pensions schemes of Government employees. Indeed, in some countries, savings for future pensions are partly or completely taken into account in the compensation of employees (this is the case, for example, in the Netherlands), whereas in other countries, the future liability remains a future liability in the general budget. This creates an important distortion in the comparison of present and future compensation costs of Government employees across countries.

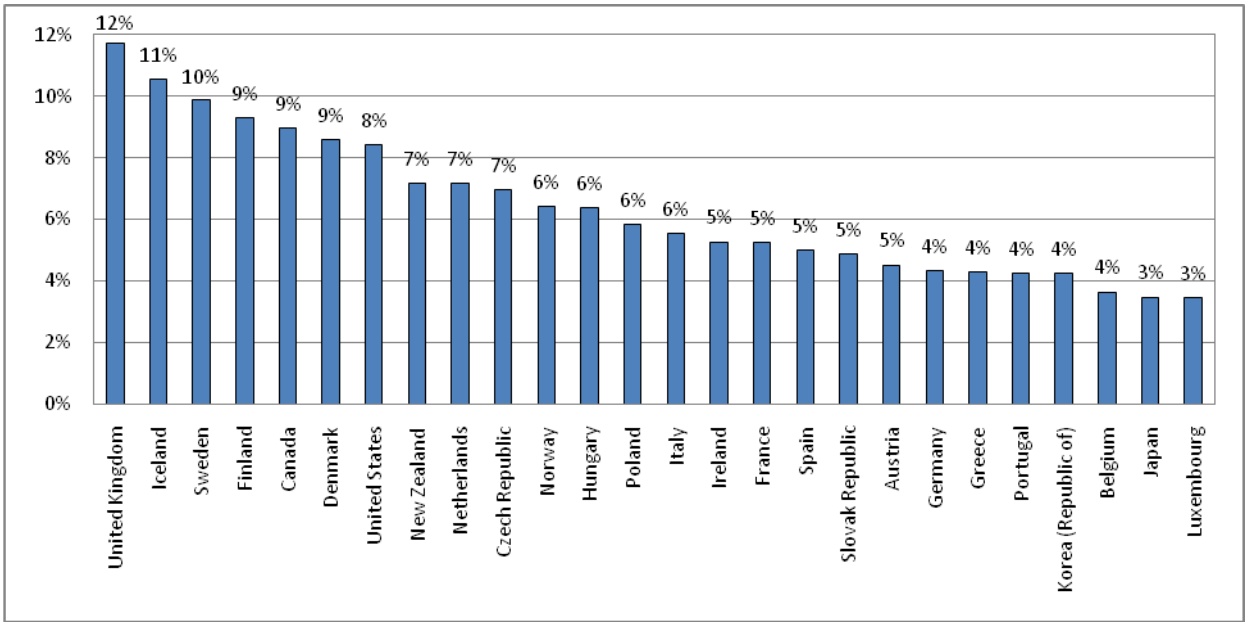
Figure 2. Compensation of employees in government as a % of government expenditures in 2005



Source: National Accounts, OECD

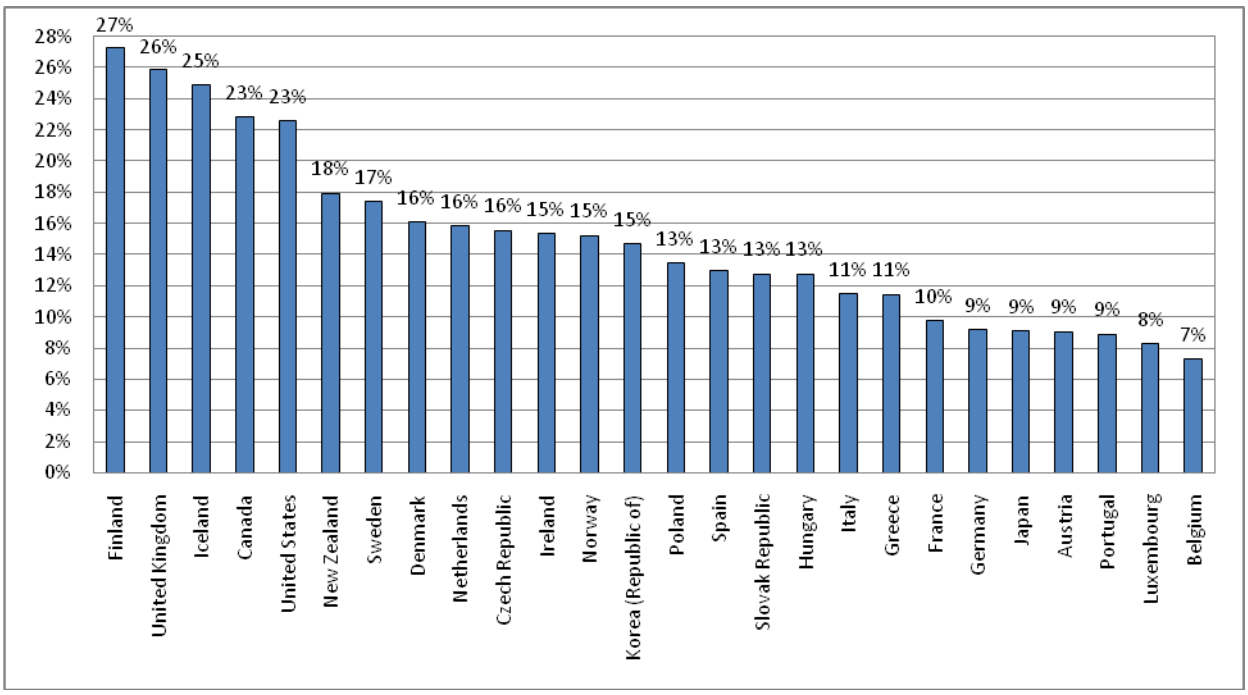
While compensation costs are an important part of the production costs of goods and services in the public domain, governments also spend a large amount of resources on outsourcing to buy goods and services from the private sector that are used in the short term in the production of services to government (measured by the intermediate consumption of General Government in the SNA used here as a proxy).

Figure 3. Intermediate consumption in government as a % of GDP in 2005



Source: National Accounts, OECD

Figure 4. Intermediate consumption in government as a % of government expenditures in 2005



Source: National Accounts, OECD

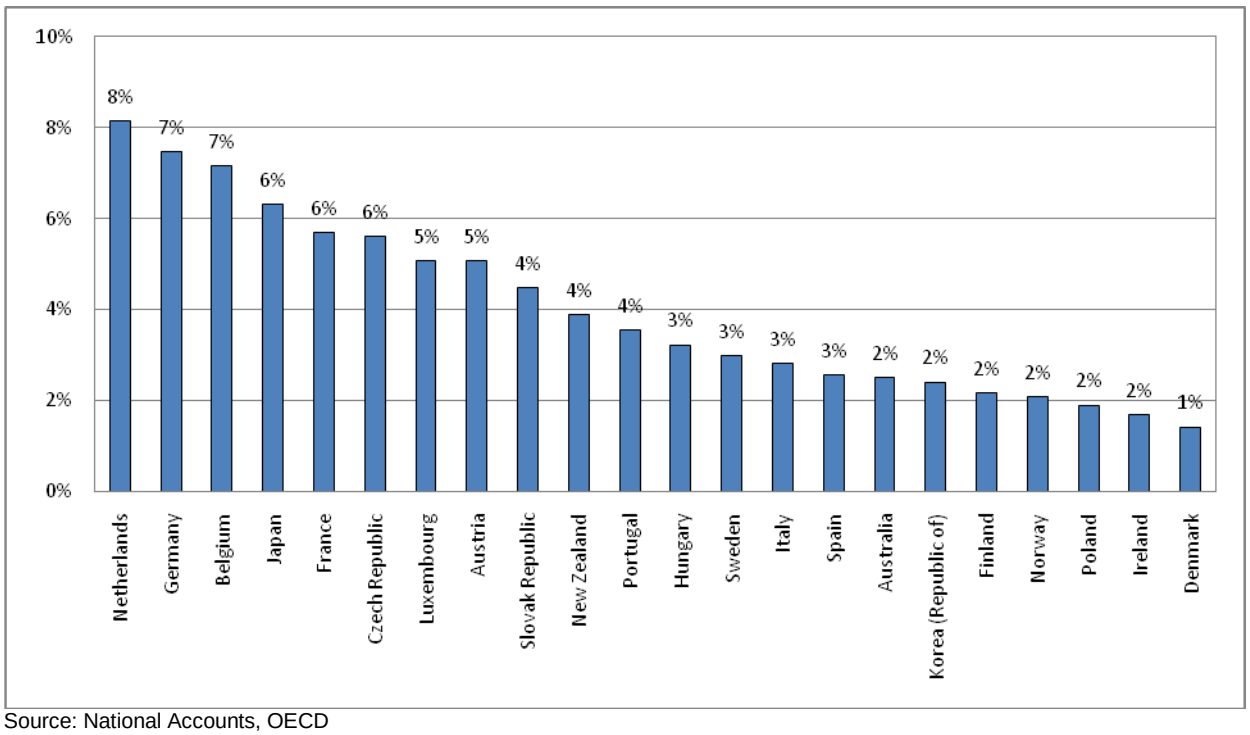
Governments also spend a significant part of their resources on paying for goods and services provided by private market producers to citizens. These can be approximated by data measuring social transfers in kind via market producers.[12] This includes, for example, refunding citizens for their expenditures directly paid to private doctors or medecine, vouchers, the refunding of some expenditures paid to private clinics or schools[13] etc… A large part of these costs are likely to be constituted by health, housing, transport, and education.[14]

[12] These are government expenditure financing goods and services provided to households (for individual final consumption) by market producers (SNA, §9.76 and 9.79).

[13] When not included in General Government

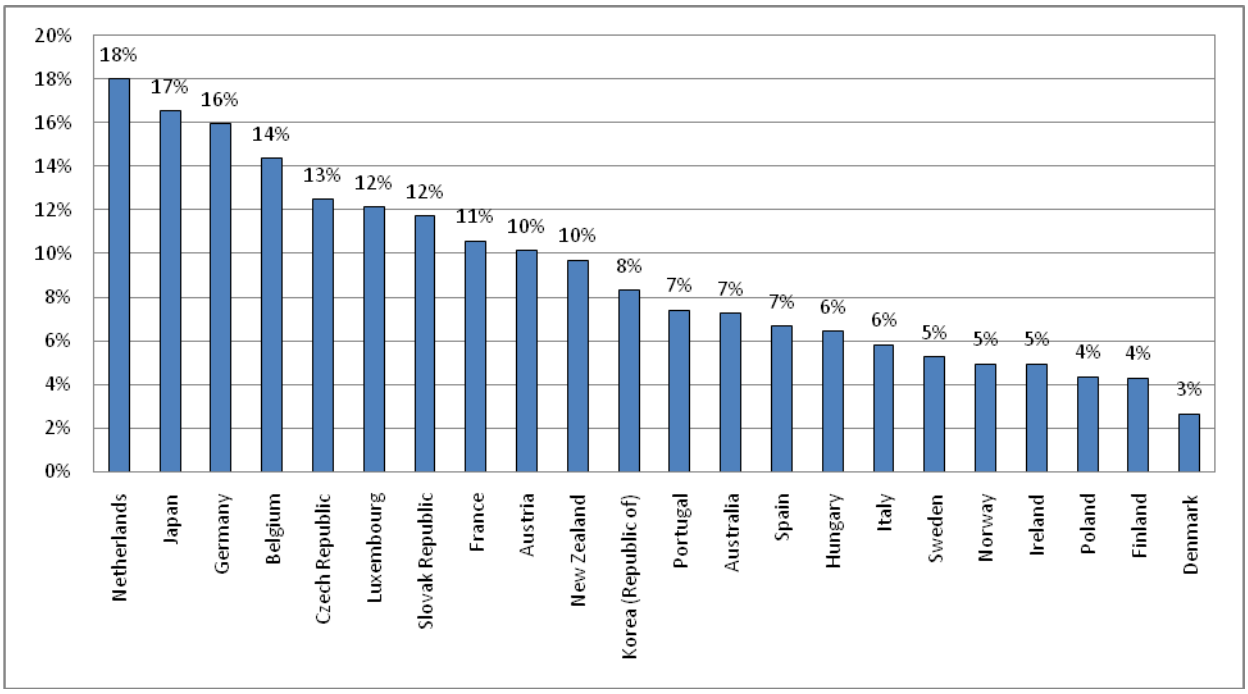
[14] Private quasi-corporations can receive both social transfers in kind via market producers and intermediate consumption from the General Government Sector. Similarly, public enterprises can be sub-contracted enterprises for the General Government, or provide services through social transfers in kind via market producers. However, in general, we can assume these transfers are relatively limited and do not change the total costs for the General Government Sector.

Figure 5. Social transfers in kind via market producers in government as a % of GDP in 2005



Source: National Accounts, OECD

Figure 6. Social transfers in kind via market producers in government as a % of government expenditures in 2005

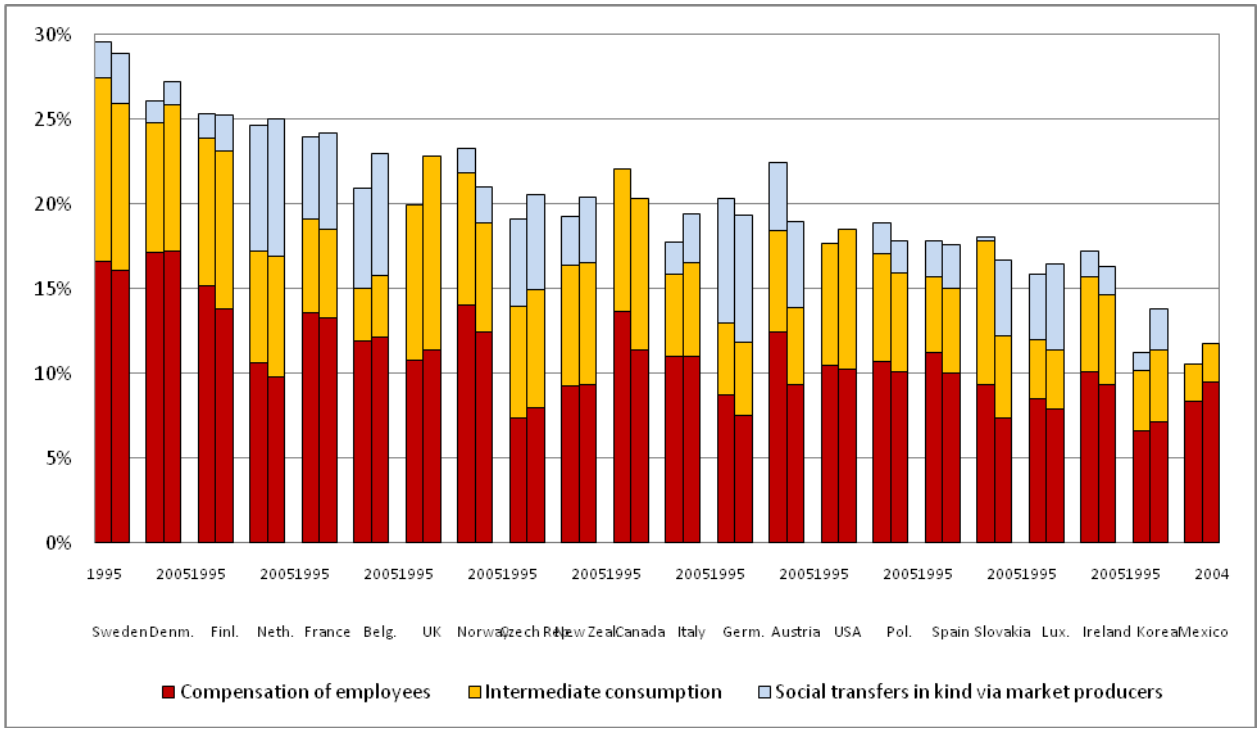


Source: National Accounts, OECD

Overall, the breakdown of government expenditures allocated to the production costs of goods and services in the public domain shows a varied picture in the way governments fund these goods and services across OECD countries. Relatively low compensation costs of employees in government may be matched with relatively high government funding of the private sector for the production of goods and services (e.g. Netherlands). And vice versa (Portugal).

Figure 7 and Table 3 summarise the findings and add historical data for 1995.

Figure 7. The structure of government expenditures allocated to the production of goods and services in the public domain as a % of GDP, in 1995 and 2005 (ranked in decreasing order by overall level of production costs of goods and services in the public domain in 2005)



Source: National Accounts, OECD

Table 3. The structure of government expenditures allocated to the production of goods and services in the public domain as a % of GDP, in 1995 and 2005 (or more recent year available) (ranked in decreasing order by overall level of production costs of goods and services in the public domain in 2005)

	Compensation of employees	Intermediate consumption	Social transfers in kind via market producers	Compensation of employees	Intermediate consumption	Social transfers in kind via market producers
Sweden	16,55	10,89	2,10	16,05	9,86	2,97
Denmark	17,15	7,62	1,29	17,23	8,57	1,42
Finland	15,14	8,75	1,41	13,77	9,30	2,17
Netherlands	10,60	6,62	7,42	9,74	7,15	8,15
France	13,59	5,53	4,86	13,26	5,23	5,68
Belgium	11,90	3,10	5,90	12,12	3,64	7,16
United Kingdom	10,74	9,22	0,00	11,34	11,46	0,00
Norway	13,99	7,82	1,48	12,44	6,42	2,08
Czech Republic	7,35	6,61	5,11	7,92	6,97	5,60
New Zealand	9,22	7,14	2,85	9,31	7,17	3,88
Canada	13,67	8,37	0,00	11,35	8,97	0,00
Italy	10,97	4,84	1,91	11,01	5,54	2,82
Germany	8,75	4,17	7,36	7,50	4,31	7,47
Austria	12,46	5,98	3,99	9,34	4,52	5,07
United States	10,44	7,21	0,00	10,22	8,27	0,00
Poland	10,65	6,39	1,80	10,05	5,83	1,89
Spain	11,21	4,49	2,13	10,02	4,99	2,56
Slovak Republic	9,31	8,47	0,25	7,33	4,88	4,48
Luxembourg	8,45	3,53	3,83	7,92	3,47	5,08
Ireland	10,09	5,57	1,51	9,34	5,27	1,69
Korea	6,60	3,53	1,10	7,12	4,24	2,41
Mexico	8,32	2,23	0,00	9,43	2,30	0,00
Average	**11,23**	**6,28**	**2,56**	**10,63**	**6,29**	**3,30**
Median	**10,70**	**6,50**	**1,86**	**10,03**	**5,68**	**2,69**

Figure 7 and Table 3 also allow a refined assessment of possible efficiency gains for the production of goods and services in the public domain over time. Data indeed allow us to determine whether some decreases in some costs (in the GDP) are not compensated for by other costs. For example, *assuming the level and quality of goods and services delivered to citizens remain the same*, Governments may decrease the compensation costs of employees in government by, for example, decreasing the number of employees in government. This may be compensated, however, by increases in expenditures allocated to the private sector for the delivery of services in the public domain. This has been the case in the Netherlands and Luxemburg, for example.

Once again, data have to be interpreted very cautiously. For example, in Ireland the production costs of goods and service in the public domain have decreased as a percentage of GDP. This is not necessarily an indication of efficiency gains, even assuming the same level and quality of goods and services delivered to citizens. Indeed GDP growth has been very important in Ireland between 1995 and 2005, and the data just indicate that the production costs of goods and services in the public domain weight less in the economy today than 10 years ago. Comparisons have thus also to take into account the costs of production

of goods and services as a percentage of government expenditures (if those are relatively stable) in Table 2 and Figures 2-4-6.

II. EMPLOYMENT NUMBERS IN THE PUBLIC DOMAIN: GOVERNMENT AND PUBLIC CORPORATIONS[15]

As mentioned earlier, employment data for the totality of the public domain cannot be gathered as the public domain involves to a large extent some parts of the private sector for which employment data do not exist.

However, GOV has been able to gather comparable data on employment numbers in government[16] and public corporations. While limited, these data are important not only to compare employment data, but also because financial data about public corporations do not exist and thus are not counted in the costs of production of goods and services of the public domain in part I of this paper. Employment data for public corporations can thus be indicative data of the size of the public corporations and are another dimension of the production costs of the public domain that is not included in Figure 7.

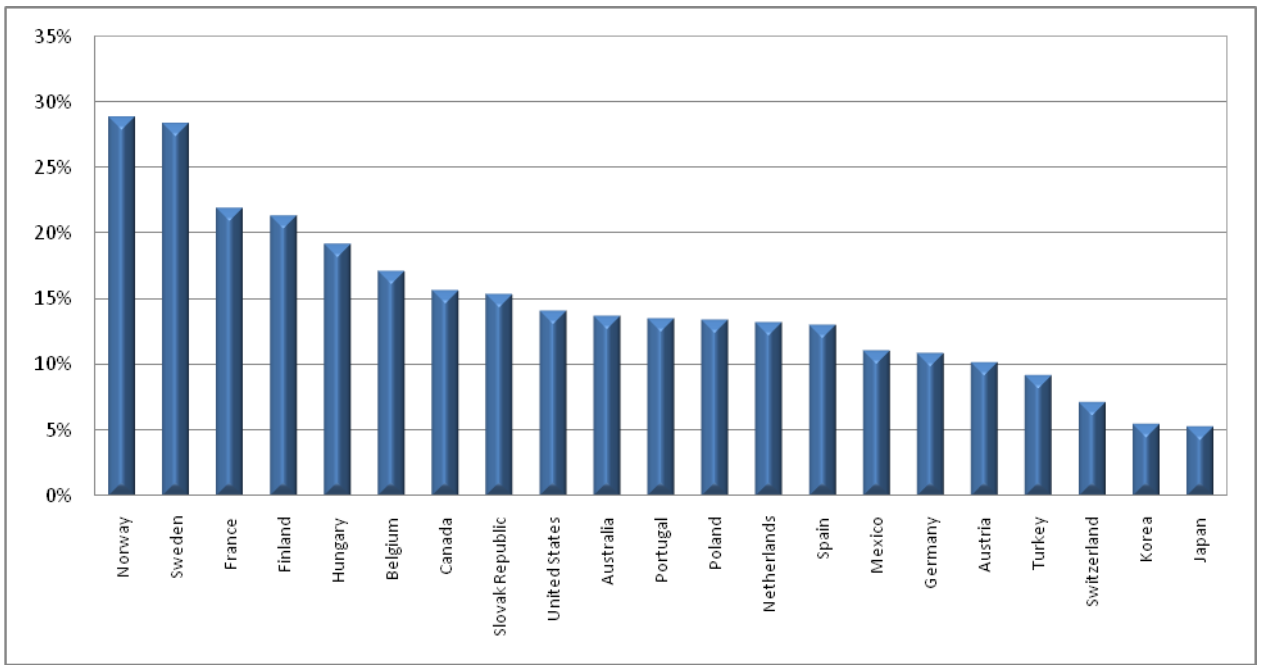
II.a. Employment in government and public corporations

This section presents employment numbers in government and public corporations as a percentage of the total labour force. Compared to traditionally available data from the SNA, we have thus added employment data in public corporations.

[15] In this section, "Government" refers to the "General Government" sector in the SNA. General Government includes core ministries, departments and agencies, non-market publicly-owned hospitals, public schools, social security organizations etc. It includes units at all levels of governments including regions, provinces and municipalities. Public corporations refer to the SNA category of "Public corporations and quasi corporations (public enterprises)". They include publicly owned enterprises not classified in the general Government sub-sector, like publicly owned banks, harbors and airports.

[16] Traditionally, in the employment data for general government provided by the SNA, not only were many countries missing, but in many cases, those that provided these data did not fully respect the classification of the SNA. When requesting data from member countries, GOV divided the existing category of employees in General Government into two categories: i) employees engaged in the "direct provision of services" (core ministries, departments and agencies, non market publicly owned hospitals, public schools, etc.) and employees engaged in the "indirect provision of services" (schools, hospitals, etc. that are largely funded and controlled by government but not owned by government). This has allowed constructing much more comparable employment data for General Government, and will make the analysis of individual country situations much more meaningful.

Figure 8. Employment in government as a % of the labour force (2005)

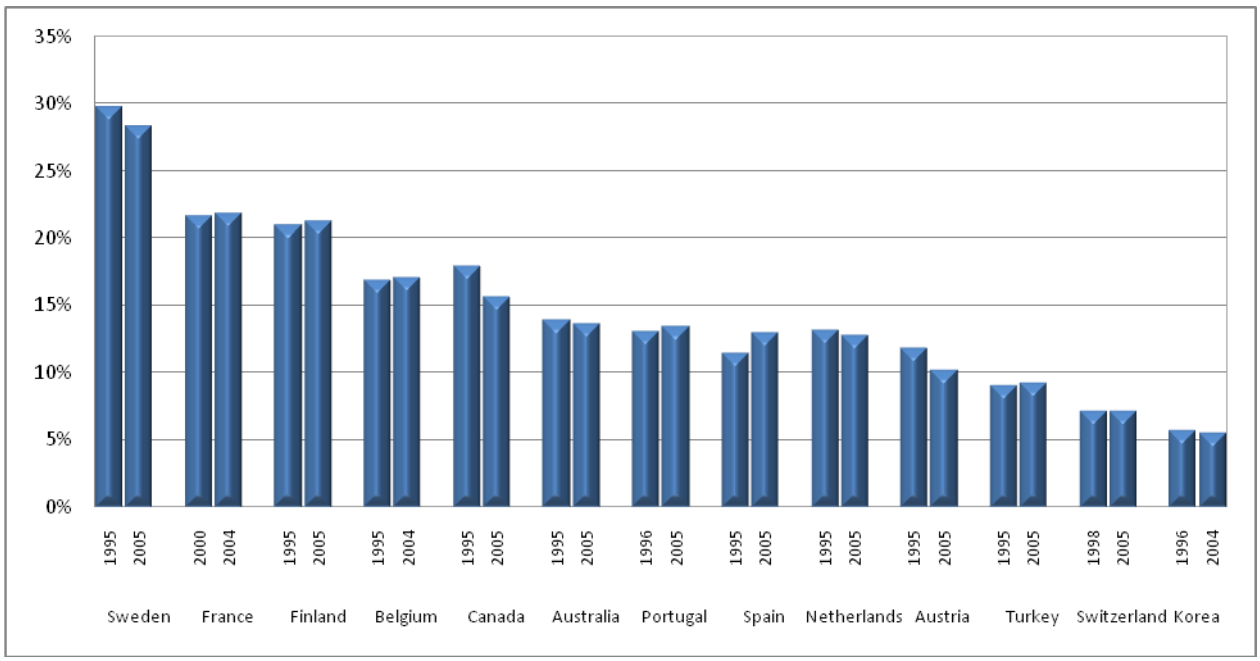


Source: CEPD survey, Labour Force Survey, OECD

Notes:

Data are in number of employees, except for Austria, Netherlands, Sweden and Switzerland where they are in full time equivalents. Employment numbers for those countries are thus underestimated.
Austria: Data do not include private non-profit institutions financed by government
Mixed data 2004 and 2005; for 1995, data for social security are missing but are of minor importance as a % of Labour Force (around 26000 employees).
Belgium: Data are for 2004 and not 2005
Finland: Mixed data 2004 and 2005
France: Data exclude some Public Establishments
Data are for 2004
Mexico: Data are for 2000.
Poland: 2004 and not 2005
Slovak Republic: Data refer to the ISIC classification assuming that private institutions financed by general Government are of marginal importance. Categories L (public administration, defence, social security) + M (education) + N (health and social work) of the ISIC classification.

Figure 9. Employment in government as a % of the labour force in 1995 and 2005



Source: CEPD survey and Labour Force Survey (OECD)

Notes:

Data are in number of employees, except for Austria, Netherlands, Sweden and Switzerland where they are in full time equivalents. Employment numbers for those countries are thus underestimated.
Austria: Data do not include private non-profit institutions financed by government
Mixed data 2004 and 2005; for 1995, data for social security are missing but are of minor importance as a % of Labour Force (around 26000 employees).
Belgium: Data are for 2004 and not 2005
Finland: Mixed data 2004 and 2005
France: Data exclude some Public Establishments
Data are for 2004

Changes in employment numbers compared to the general labour force can sometimes be due to changes in the size of the labour force. Indeed, in Australia for instance, whereas the number of employees has increased by around 14%, there has been a decrease in the ratio per the labour force. More generally, in the Netherlands, Canada, Australia or Korea, there have been increases in staff numbers, but decreases as a percentage of the labour force, due to recent increases in the labour force.

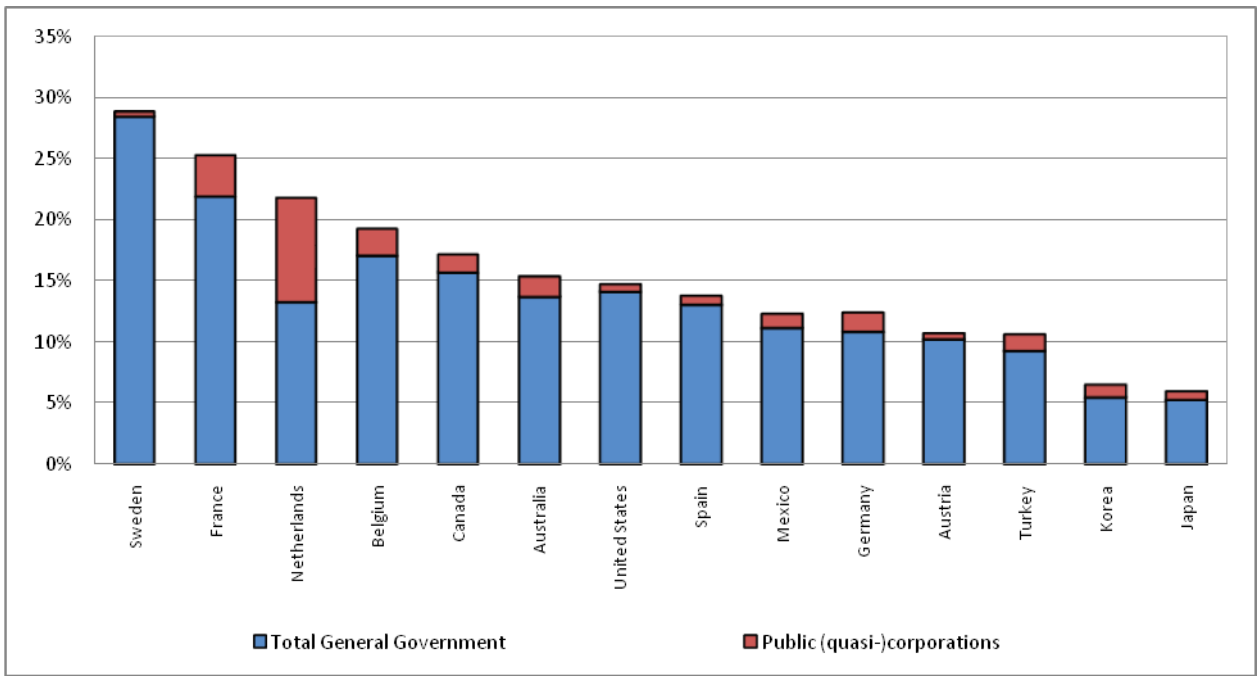
Table 4. Changes in employment in government over the past ten years (in %)

	1995 to 2000	2000 to 2005	1995 to 2005
Australia	0.71	13.46	14.27
Austria	7.20	-16.96	-10.98
Belgium	2.35	5.65	8.13
Canada	-4.84	7.76	2.54
Finland	3.98	2.52	6.61
France	Na	4.38	Na
Hungary	Na	0.81	Na
Korea	-0.57	5.83	5.22
Netherlands	4.70	3.52	8.39
Norway	Na	3.19	Na
Portugal	15.66	4.05	20.34
Sweden	0.14	0.11	0.25
Switzerland	0.68	5.26	5.97
Turkey	4.92	6.05	11.27

Source: CEPD survey

Note: Very large variations can sometimes be explained by institutional reclassification of some organisations: In Austria, the large decrease in staff numbers can at least partially be explained by institutional changes that have affected employment in universities.

Figure 10. Employment in government and public corporations as a % of the labour force (2005)

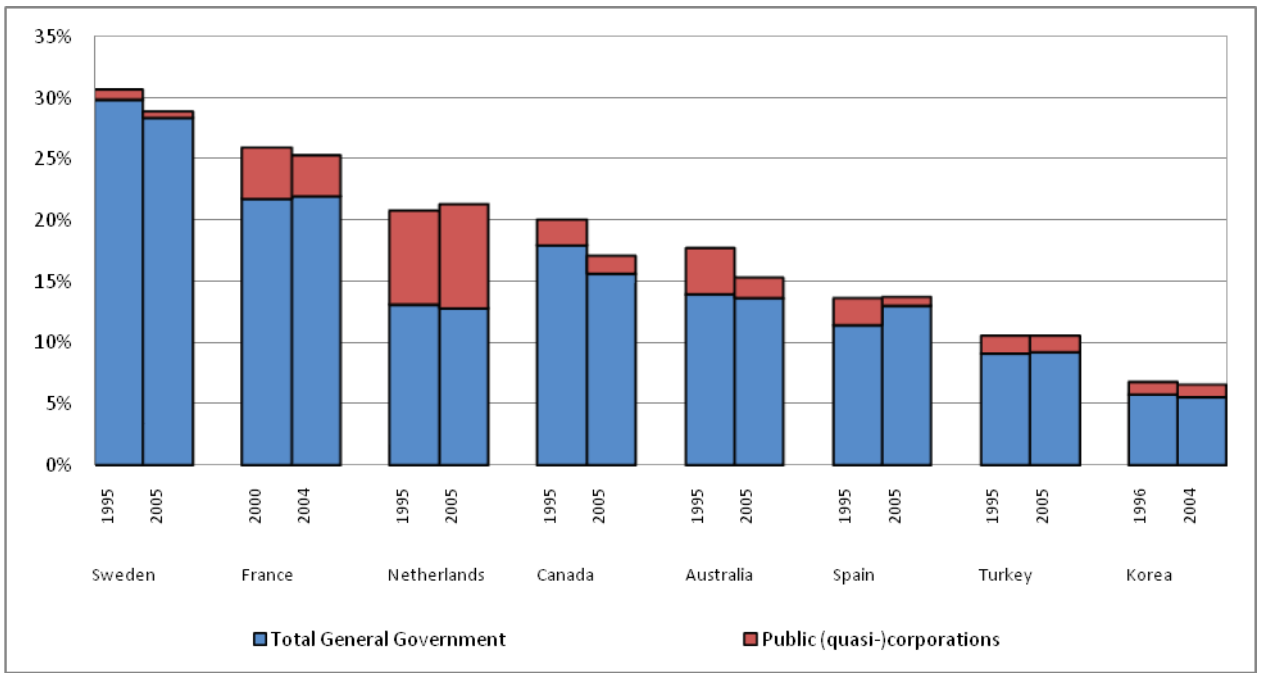


Source: CEPD survey; Labour force survey (OECD).

Notes:

Data are in number of employees, except for Austria, Netherlands, Sweden where they are in full time equivalents. Employment numbers for those countries are thus underestimated.
Austria: Data do not include private non-profit institutions financed by government
Mixed data 2004 and 2005; for 1995, data for social security are missing but are of minor importance as a % of Labour Force (around 26000 employees).
Data for public corporations are partial and only include universities that have been reclassified.
Belgium: Data are for 2004 and not 2005
France: Data exclude some Public Establishments
Data are for 2004
Mexico: Data are for 2000.
Poland: 2004 and not 2005

Figure 11. Changes in employment in government and public corporations as a % of the labour force from 1995 to 2005



Source: CEPD survey, Labour force survey (OECD)

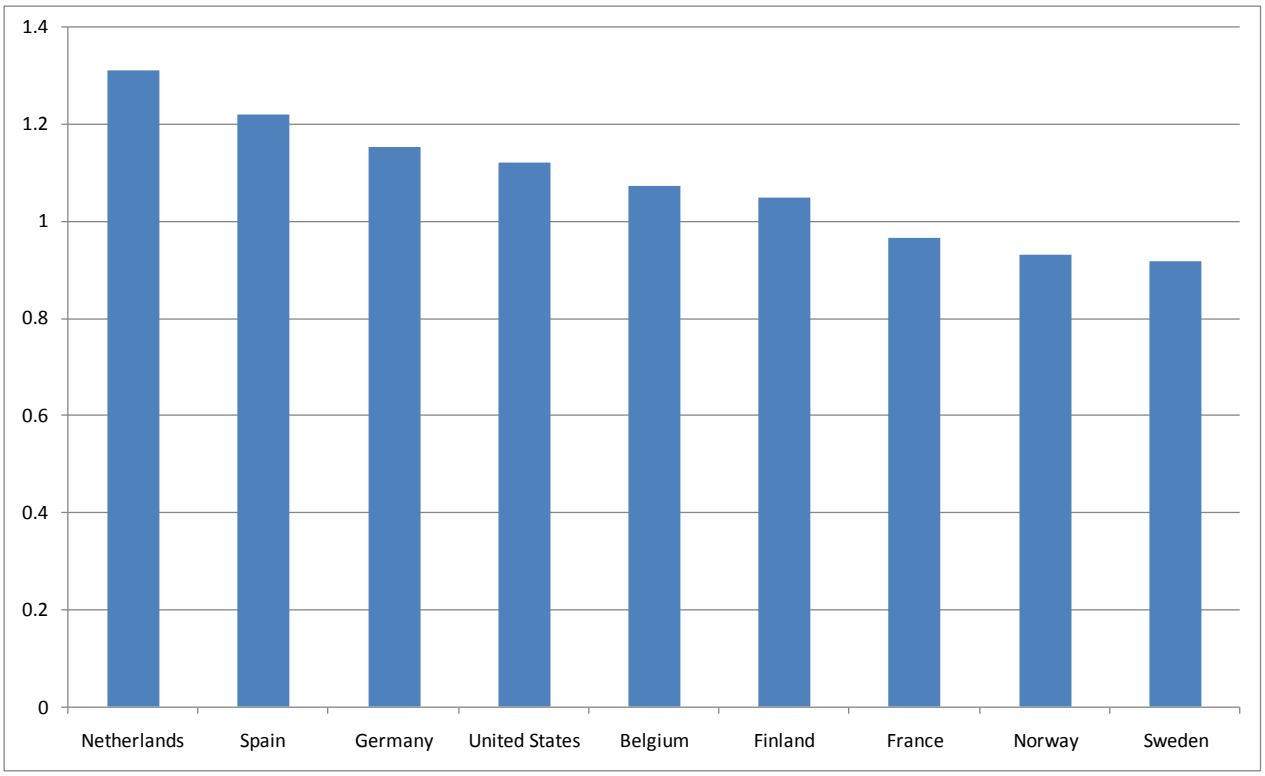
Notes:

Data are in number of employees, except for Netherlands and Sweden where they are in full time equivalents. Employment numbers for those countries are thus underestimated.
France: Data exclude some Public Establishments
Data are for 2004

II.b. Compensation costs per employee

This section analyses compensation costs in Government taking into account data on employment numbers and compensation costs per employee in the whole economy. Data thus allow the comparison of compensation costs per employee in Government compared those per employee in the economy as a whole.

Figure 12. Ratio of the compensation cost per employee in government to the compensation cost per employee in the whole economy (2005)



Source: Sources: National Accounts, CEPD Survey, Labour force surveys (OECD).

In this graph, 1 on the Y axis corresponds to a situation where compensation costs per employee are similar in government and in the entire economy.

Countries with large employment levels in Government (as a percentage of salaried employment in the economy) have relatively similar or lower compensation costs per employee in Government compared to those in the private sector (Norway, Sweden), whereas countries with relatively low employment in Government have higher costs per employee, compared to the whole economy (Austria, the Netherlands). This is not surprising as countries with small workforces in Government tend to have a more qualified workforce on average and have outsourced many of their low skilled activities. A more subtle analysis would need to be carried out regarding the distribution of pay within Government. However, these data do not exist for Government as a whole, and conclusions cannot be drawn out of partial data on this matter.

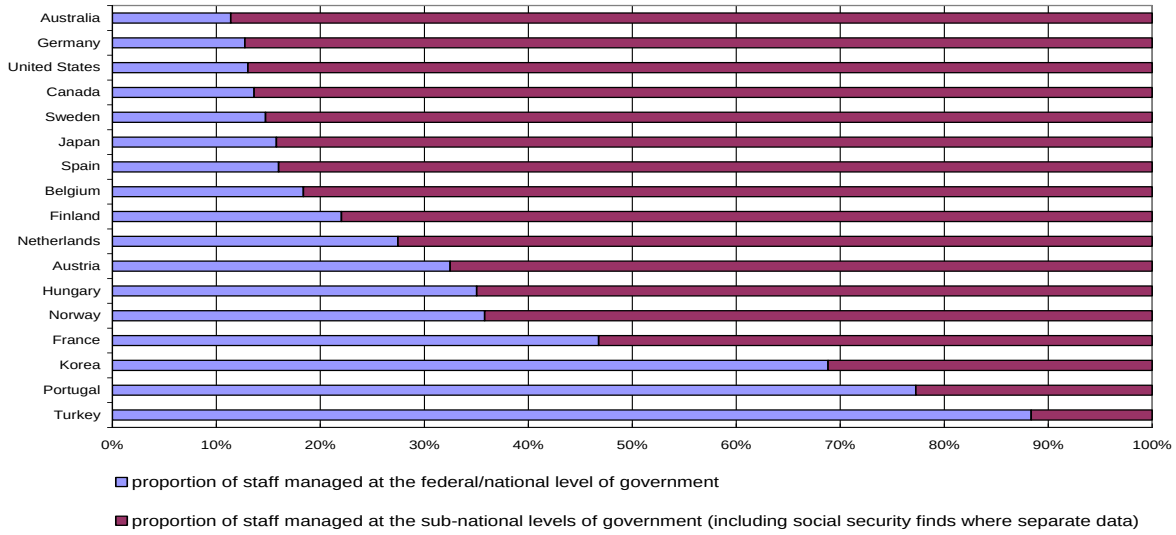
III. EMPLOYMENT AND COMPENSATION COSTS IN GOVERNMENT ACROSS LEVELS OF GOVERNMENT[17]

This section provides all available data on employment levels and compensation costs of government employees across the different levels of government.

III.1. Employment numbers in government by level of government

The figure below provides an overview of the proportion of government employees managed at national or sub-national levels of government.

Figure 13. Employment in government by level of government (2005)



Source: CEPD survey, OECD

Notes:

* Data are in number of employees, except for Austria, the Netherlands and Sweden.
**Employment in social security is not taken into account at the national level in Austria, Belgium, Finland, France, Hungary, Japan, Korea, Netherlands, Spain, Sweden, and Turkey. Employment in social security is not taken into account at other levels of government in Australia, Canada, Germany, Norway, Portugal (for 2005), and the United States.
Austria: Data do not include private non-profit institutions financed by government
Mixed data 2004 and 2005.Data for public corporations are partial and only include universities that have been reclassified.
Belgium: Data are for 2004 and not 2005
Finland: Mixed data 2004 and 2005
France: Data exclude some Public Establishments
Data are for 2004
Korea: teachers are included at the national level.

[17] In this section, "Government" refers to the "General Government" sector in the SNA. General Government includes core ministries, departments and agencies, non market publicly owned hospitals, public schools, social security organizations etc…

The three tables below provide employment trends at the different levels of government. These tables, however, should be put in perspective of total changes in employment numbers in government in Figure 9. (notes to Figure 11 apply to the three following tables and to figure 14).

Table 5. Changes in employment in government at national/federal level of government (in percentages)

	1995 to 2000	2000 to 2005	1995 to 2005
Australia	-13.22%	7.39%	-6.81%
Austria	-3.39%	-18.02%	-20.80%
Belgium	1.87%	-4.18%	-2.39%
Canada	-9.63%	10.52%	-0.12%
Finland	-0.80%	-0.14%	-0.94%
France	na	0.25%	na
Hungary	na	0.54%	na
Korea	0.71%	7.15%	7.91%
Netherlands	-2.52%	16.94%	14.00%
Norway	na	59.87%	na
Portugal	13.03%	12.57%	27.23%
Sweden	-6.78%	-2.43%	-9.04%
Turkey	9.03%	8.23%	18.01%

Source: CEPD survey

Table 6. Changes in employment in government at the States/regions levels of government (in percentages)

	1995 to 2000	2000 to 2005	1995 to 2005
Australia	4.09%	12.98%	17.60%
Austria	5.48%	-19.20%	-14.78%
Belgium	-0.78%	6.78%	5.95%
Canada	-4.88%	8.36%	3.07%

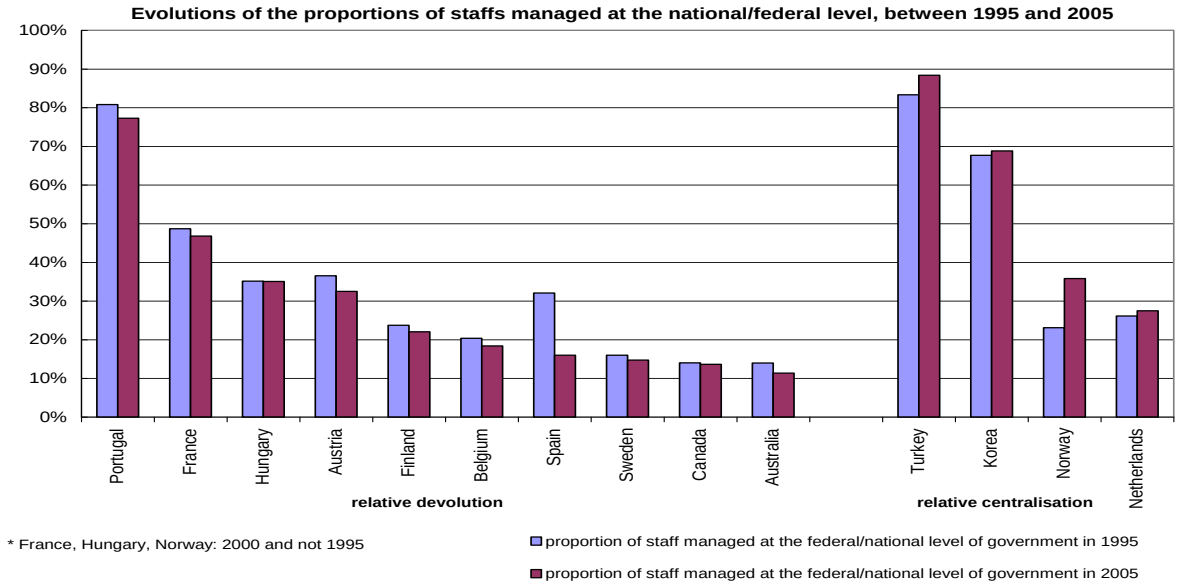
Source: CEPD survey

Table 7. Changes in employment in government at other sub national levels of government (in percentages)

	1995 to 2000	2000 to 2005	1995 to 2005
Australia	-4.32%	23.61%	18.27%
Austria	1.24%	-13.83%	-12.76%
Belgium	6.32%	10.45%	17.43%
Canada	-2.83%	5.82%	2.83%
Finland	5.58%	3.61%	9.39%
France	na	9.76%	na
Hungary	na	0.95%	na
Korea	-8.66%	6.86%	-2.39%
Netherlands	7.92%	-1.01%	6.84%
Norway	na	-13.86%	na
Portugal	13.03%	1.67%	15.08%
Sweden	1.67%	1.81%	3.51%
Turkey	-22.22%	13.58%	-11.66%

Source: CEPD survey

Figure 14. Changes in the number of employees in government as a proportion of total employment in Government at the national/federal level between 1995 and 2005



Source: CEPD survey

III.2. Compensation costs of government employees by level of government

Table 8 provides the share of compensation costs paid by each level of government in each functional sub-sector[18] as a proportion of total compensation costs in this functional sub sector at all levels of government. This gives no indication on the total level of compensation costs itself in the functional sub-sector, neither of the total employment level.

[18] We follow here the COFOG definition used in the National Accounts: http://unstats.un.org/UNSD/cr/registry/regcst.asp?Cl=4

Table 8. Percentage of compensation costs in the different government sectors managed at the different levels of Government in general Government[19]

(Percentages correspond to the share of general government compensation costs paid for by the national/federal government level)

		Compensation costs mostly managed at the national/federal level (>60%)	Compensation costs shared between the national/federal level and the sub-national levels or the social security funds (between 40% and 60%)	Compensation costs mostly managed at the sub-national level (or *social security funds, separated) (<40%)
General public services	**2005**	Ireland (100%) Luxembourg (68%)	Finland (46%) France (54%) The Netherlands (54%) Norway (41%) Portugal (55%) Sweden (51%) United Kingdom (49%)	Austria (28%) Denmark (34%) Germany (20%) Korea (22%) Slovak Republic (36%) Spain (35%) United States (33%)
	1995	Ireland 100% Luxembourg 73% United Kingdom 68%	Belgium 41% Denmark 44% Finland 50% France 51% Norway 52% Sweden 41%	Austria 34% Germany 20% United States 32%
Public safety and order	**2005**	Austria (92%) Denmark (93%) Finland (80%) France (80%) Ireland (100%) Korea (85%) Luxembourg (94%) Norway (82%) Portugal (97%) Slovak Republic (95%) Sweden (82%)	Spain (57%)	Germany (8%) Netherlands (38%) United Kingdom (28%) United States (8%)
	1995	Austria 94% Denmark 93% Finland 77% France 88% Ireland 100% Luxembourg 85% Norway 81% Sweden 83%	Belgium 58%	Germany 7% United Kingdom 20% United States 9%

[19] Only large sectors in terms of staff have been included in this report. Have been excluded from the traditional COFOG sectors i) economic affairs, ii) environmental protection, iii) Housing and community amenities, iv) recreation, culture and religion.

…/…		Compensation costs mostly managed at the national/federal level (>60%)	Compensation costs shared between the national/federal level and the sub-national levels or the social security funds (between 40% and 60%)	Compensation costs mostly managed at the sub-national level (or *social security funds, separated) (<40%)
Defence	**2005 and 1995**	Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Korea, Luxembourg, Netherlands, Norway, Portugal, Slovak Republic, Spain, Sweden, United Kingdom, United States		
Health	**2005**	Luxembourg (93%) Norway (63%) Portugal (94%) Slovak Republic (88%) United Kingdom (100%)		Austria (5%)* Denmark (1%) Finland (2%) France (3%)* Germany (2%) Ireland (1%) Korea (35%) Netherlands (27%) Spain (1%) Sweden (1%) United States (27%)
	1995	Luxembourg 99% United Kingdom 100%		Austria 1% Belgium 11% Denmark 3% Finland 1% France 1% Germany (<1%) Ireland 2% Norway 7% Sweden 1% United States 24%

…/…		Compensation costs mostly managed at the national/federal level (>60%)	Compensation costs shared between the national/federal level and the sub-national levels or the social security funds (between 40% and 60%)	Compensation costs mostly managed at the sub-national level (or *social security funds, separated) (<40%)
Education	**2005**	France (85%) Ireland (66%) Korea [20] Luxembourg (86%) Portugal (95%)	Austria (47%) Denmark (41%)	Belgium [21] Finland (19%) Germany [22] Netherlands (9%) Norway (23%) Slovak Republic (14%) Spain (5%) Sweden (16%) United Kingdom (4%) United States (<1%)
	1995	France 88% Ireland 68% Luxembourg 86%	Austria 46% Denmark 40%	Belgium <1% Finland 22% Germany <1% Norway 23% Sweden 14% United Kingdom 13% United States <1%
Social Protection	**2005**	Slovak Republic (60%)	Ireland (50%)* Korea (49%) Portugal (40%)*	Austria (33%)* Denmark (3%) Finland (2%) France (5%)* Germany (1%)* Luxembourg (33%)* The Netherlands (12%) Norway (15%) Spain (5%) Sweden (10%) United Kingdom (31%) United States (21%)
	1995		Ireland 48%	Austria 24% Belgium 5% Denmark 5% Finland 1% France 5% Germany 2% Luxembourg 38% Norway 10% Sweden 12% United Kingdom 27 United States 19%

Source: National Accounts

[20] For the education in Korea, the compensations of the teachers are classified at the local levels, whereas the teachers are classified at the central level of government.

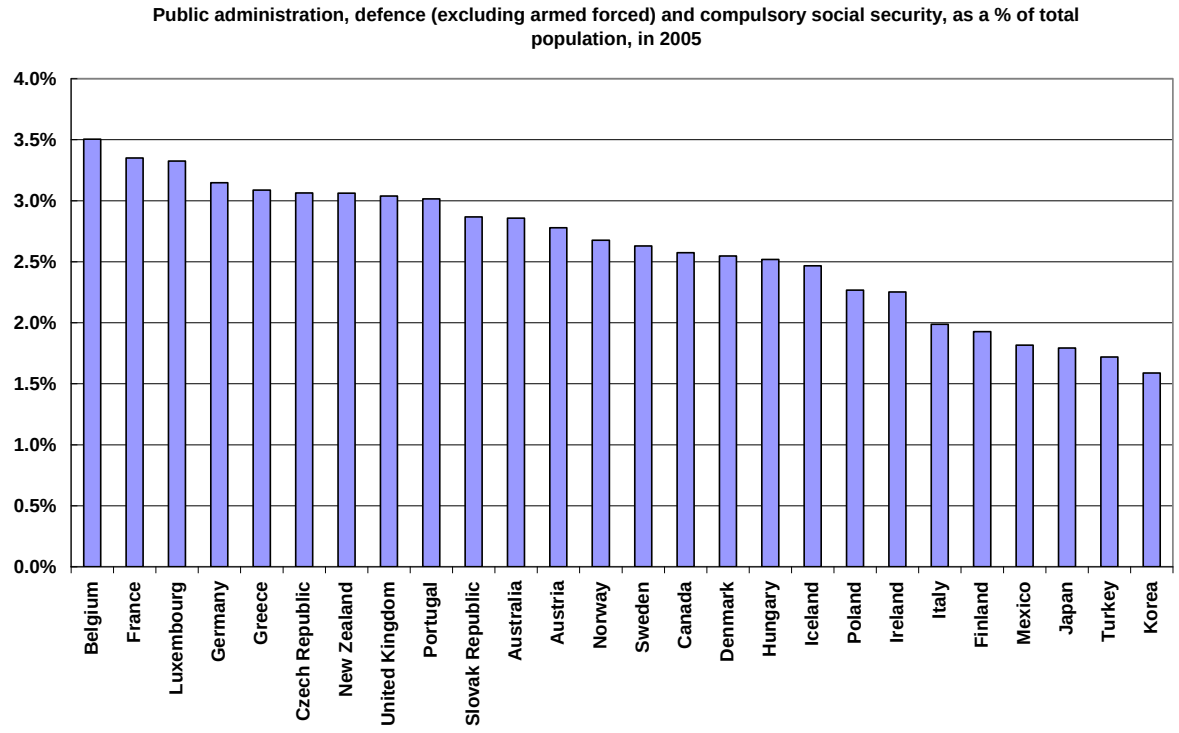
[21] Education mostly managed at the States level. Proportion of wage bill paid at the federal level is minor or does not exist.

[22] Education mostly managed at the States level. Proportion of wage bill paid at the federal level is minor or does not exist.

IV. DISTINCTION BY FUNCTIONAL SUB-SECTOR: DESCRIPTION AND TRENDS

In order to refine the analysis of all data above, the ISIC classification can add a new dimension to employment numbers. The ISIC classification draws on labour force surveys (and not following the COFOG classification of the System of National Accounts) and provides another source of data for functional sub sectors that are not consistent with the methodology in this paper but can provide interesting insights in the interpretation of the data in this paper. It shows trends in the number of staff in the economy who work in the sectors of the "public administration (in a restricted sense),[23] compulsory social security and defence (excluding armed forces)" (as a percentage of total population) across OECD countries.

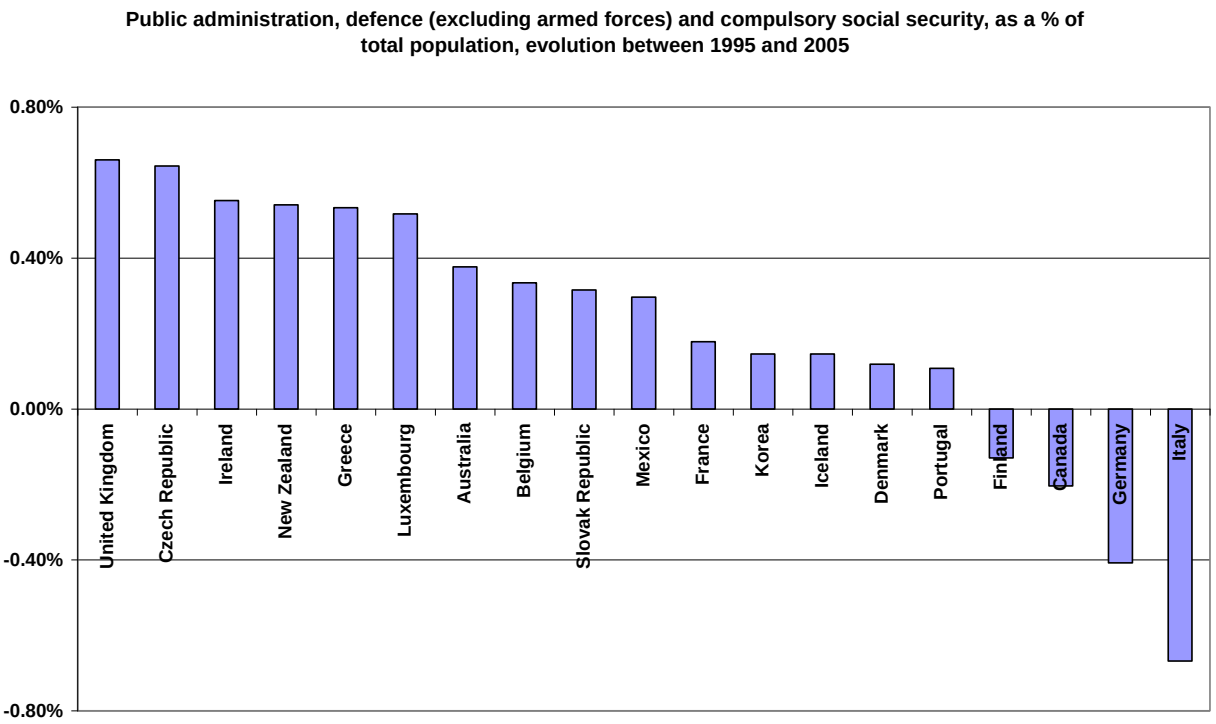
Figure 15. Public administration, defence (excluding armed forces) and compulsory social security, as a % of total population in 2005



Source: Labour Force Survey, OECD.

[23] Public administration has here a restricted sense, and primarily means general regulatory tasks. Indeed, teachers or doctors are for instance not included here.

Figure 16. Public administration, defence (excluding armed forces) and compulsory social security as a % of total population, evolution between 1995 in 2005



Source: Labour Force Survey, OECD.

ANNEX 1

Methodological details on the public domain

Table 9 summarises the linkages between the sub-categories of organisations and sectors covered in the public domain and the sectoral classification of the SNA.

Table 9. The public domain in relation to the SNA

SNA	Fiscal classifications (& relevant classification of the SNA)	General government (S.13)			Part of corporations & quasi-corporations (Part of S.11 and S.12)			
	Organisational entities covered	Government units [24]& other non-market public units: General admin, defence, & functional sub-sectors	Social Security funds	Private non-market non-profit institutions financed and "controlled" by government units[25]	Market corporations & quasi corporations, financed by public funds in exchange for the delivery of goods or services to the users[26]	Public corporations & quasi corporations (public enterprises)	Procurement (including contracting out)[27]	Concessions of legal monopolies
Proposed classification: Sub-domains of the public domain		**Sub-domain (i): Direct provision of services in the public domain** (Mainly publicly financed provision by publicly owned units)		**Sub-domain (ii): Indirect provision of services in the public domain** (Publicly financed provision by privately owned units)		**Sub-domain (iii): Public corporate provision of services in the public domain** (Market provision by publicly owned units)	**Sub-domain (iv): Devolved provision of services in the public domain** (Market provision by privately owned units)	
		A		**B**	**C**	**D**	**E**	

Examples of units taken into account in the different categories A, B, C, D, and E:

Category A: Core ministries, departments and agencies, non market publicly owned hospitals, public schools , social security organisations etc..
It includes units at levels of government, including the regions, the provinces or the municipalities

Category B: Schools, hospitals, etc. that are largely funded and controlled by government but not owned by government

Category C: Private hospitals (non profit or for profit) financed through social security, private market organisations financed by public funds in exchange of the delivery of goods or services directly to the users

Category D: Publicly owned enterprises (not classified in the General Government sector), like publicly owned banks, harbours, airports

Category E: - Contracting out to private enterprises: they deliver the goods or services to the public units that sub-contract them.
- Concessions of legal monopolies: for instance private enterprises managing highways, airports, electricity or water supply, with a statutory monopoly

[24] This also includes some market producers which are classified in the General Government Sector (print shops, the mint etc.)

[25] Although they are not owned by the government, they are classified in the General Government Sector, as they are financed and considered to be controlled by government units.

[26] They can be non-profit or for profit institutions.

They can also be >50% or <50% financed by public funds. If it had been possible, GOV would have preferred to limit this category to units that are funded by more than 50% by funds from General Government. However, in this project for this sub-category, we are only using financial flows and not counting employment per unit (see later in the paper). And, i) employment data for those units funded by more than 50% by funds from General Government do not exist. ii) the financial flows are only available as aggregate for all financial flows and through a proxy;

[27] If it had been possible, GOV would have preferred to limit this category to units that draw more than 50% of their resources from contracted out services from General Government. However, in this project for this sub-category, we are only using financial flows and not counting employment per unit (see later in the paper). And, i) employment data per se available for those units funded by more than 50% by funds from General Government do not exist; ii) the financial flows are only available as aggregate for all financial flows and through a proxy.

Table 10 summarises the different categories of costs involved in the production goods and services in the public domain and the different categories of organisations that are funded by General Government to cover those costs. The table shows how the public costs of production paid by the General Government Sector are funding the public domain to produce goods and services.

Table 10. Expenditures of general government for the production costs of goods and services in the public domain and categories of organisations of the public domain receiving the funding

Expenditures from general government involved in the production costs of goods and services in the public domain	***Categories of organisations of the public domain receiving the funding***
Compensation of employees	A+B. *General government* (aggregated)
Social transfers in kind via market producers (Proxy)	C+D. *Market corporations & quasi corporations (& institutions), financed by public funds in exchange of the delivery of goods or services to the users*
Intermediate consumption	E. *(partly) Sub-contracted enterprises providing goods or services to units of the General Government, which buy their products*

ANNEX 2

QUESTIONNAIRE

PART I: EMPLOYMENT DATA

Section 1. Information on public and private organisations classified in the General Government sector

This section concerns employment in the following types of units:

1. General government excluding private non-profit institutions; and
2. Private non-profit institutions classified in the General Government sector.

1.1. Aggregate levels, breakdowns by levels of government

You can use different studies/sources in order to fill in the required categories as accurately as possible. Please keep the same method of calculation across years so that we can interpret the trends. Please draw on any available sources. The attached country file about employment sources may have useful information. As private non-profit institutions concern mostly the education sector (for instance some private schools), the health sector (for instance some private hospitals) and social services (some social associations), relevant information may be available from the various sectoral ministries concerned or in sector-specific surveys.

Please also feel free to use different sources if they are more relevant.

If breakdowns are not available, you may provide other data you may have that cover a similar range of employees, and add some explanations about the gaps with the data requested (for instance if they include some public enterprises, or if they include/exclude private non-profit institutions like private schools or private

hospitals, or if they include all agencies and all types of salaried employees). In this case, please then provide some approximative data on the corresponding gaps in employment and provide comments on the organisational forms of these units.

The breakdown by level of administrations/government should follow the breakdown presented in the National Accounts as closely as possible. It can follow a financial criteria (the unit which finances) or an administrative criteria. You may adapt the proposed breakdown (including by deleting lines like "States" or "Social Security"), depending on available data.

The totals should refer to full-time equivalent employees as much as possible. If it is not possible, they could refer for example to the number of employees provided that this is clearly noted. Different sources compiled can lead to different measures for different parts of the General Government. In order to adequately compare the data with the total salaried employment in the economy, we ask you to clearly specify the different measures used and what they refer to exactly.

1.1.1. Basic data

a. Please complete the following table.

	2005 or last available year:		
	Category 1 General Government without private NPIs	**Category 2** Private NPIs in General Government	**Total General Government (categories 1+2)**
Total			
Central/federal			
States (if present in the National Accounts)			
Local government			
Social security			

Note: NPIs = Non-profit institutions.

If the measure of employment between the sources used differs, please specify how these have been compiled (and also clearly specify what each measure in each source refers to).

If different measures of employment are available (for instance number of employees vs. full-time equivalents), please provide them in separate tables.

Sources:

Comments:

b. Please provide the same table(s) for the years 2000 (or closest year available) and 1995 (or closest year available) by using the same sources of data and methods of calculations.

1.1.2. Questions on the data

Please answer the following questions in relation to the data provided above.

a. Please specify whether the breakdown of employment by level of administration (central/federal, regional, local, and social security) follows the breakdown of levels of government of the General Government sector as it is in the National Accounts (you may in particular specify the situation of the Social Security):

b. Please specify whether the data provided correspond to the defined categories (1), (2) and to the General Government sector. If not, please specify which units are concerned or which type of employment (in the units taken into account in the data) is concerned:

Please provide estimates of the corresponding differences in numbers of employees.

c. Has there been significant reclassification into or out of the General Government sector during the last decade? If yes, please specify the number of employees affected:

1.1.3. Comments

Please feel free to add any comments on the data provided above .

1.2. Breakdowns by functional sub-sectors

The aim of this section is to identify levels and trends in employment by functional sub-sectors, and to identify the levels of government managing each sub-sector.

To the extent possible, please follow the COFOG classification. If you cannot, please provide the functional classification that you have used but explain the differences.

If possible, keep the same method of calculation across years. Please draw on any available sources (staff registers, sector-specific sources, general employment sources, etc.). The attached country file about employment sources may have useful information.

1.2.1. Basic data

Please complete the following table. If you need to use different sources in order to calculate "total employment" and the "breakdown by levels of government" resulting in different totals, please explain the main differences in the comments.[28]

The functional sub-sectors listed below are indicative. They may be replaced by the classification which applies to the public sector in your country. Please feel free to add lines to specify more functional sub-sectors, depending on the data you may have.

The breakdowns by levels of government should follow the presentation of the National Accounts (you may thus delete the column "States" or the column "Social Security" if they are not relevant). If it is impossible to follow the presentation of the National Accounts, please adapt the breakdowns to available data and specify the differences.

Last year available:

Sub-sectors	**Employment in category (1)**	**Employment in category (2)**	**Employment in total General Government**	**Breakdown by levels of government**			
				Central/ federal administration	States (if present in the National Accounts)	Local government	Social security
General administration							
Safety and order							
Defence							
Health							
Education							
Social affairs							
Others (please specify and add lines if necessary) :							
Total							

Sources:

Comments:

28. If it is impossible to use the same functional classification for employment data in categories 1-2 and for the breakdown by levels of government, you may also provide two separate tables and adapt the functional classification in each of the tables with the available data.

1.2.2. Questions on the data: please answer the following questions in relation to the data provided above.

a. Please specify which sectors exact follow the COFOG definitions:

b. Do any of the sub-sector totals include:
   ☐ Social security funds: (specify which sub-sector)
   ☐ Utilities/infrastructure companies (postal services, electricity, railroads, etc.) in General Government: (specify which sub-sector)

c. For the sub-sectors for which private non-profit organisations classified in the General Government sector exist (education, health, social affairs, etc.), please specify by which level of government they are financed:

1.2.3. Historical data

Please provide, if possible, the same table for 2000 (or closest year available) and 1995 (or closest year available), using as much as possible the same sources of data. If no historical data are available, please provide a short commentary concerning increasing/decreasing employment and please specify the main sectors concerned (education, health, social, defense, etc.) and the types of units concerned.

1.2.4. Comments: please feel free to add any comments and interpretations on the data provided above

1.3. Breakdown by tasks in sub-sectors

The aim of the following table is to identify the proportion of employees allocated to different tasks within some sectors (management as distinct from teaching, etc.).

You may wish to use staff registers and complementary sources about specific sectors. If data are not available, you may also use the ISIC classification's breakdown between employees in administration (L-75) and in sectors (L-80 for education for example), restricted to General Government.

1.3.1. Basic data

Please complete the following table, specifying the proportions of employees for the last year available.

The functional sub-sectors listed below and the decomposition by tasks may be replaced by the classification which applies to the public sector in your country. If data are available, please specify breakdowns by tasks for other sectors such as police, etc.

Please note that if you have partial data, you may provide them with explanations and comments.

Last years available :			
Functional sector	Tasks concerned : (example of breakdown)	Level(s) of government which finance[29]	Please provide data you may have on employment in General Government units or part of it, and breakdowns you may have between categories 1 and 2
Health	Medical doctors	☐ central/federal ☐states ☐local	
	Nurses	☐ central/federal ☐states ☐local	
	Employees in the central ministry	☐ central/federal ☐states ☐local	
	Other (specify):	☐ central/federal ☐states ☐local	
Education	Primary teachers	☐ central/federal ☐states ☐local	
	Secondary teachers	☐ central/federal ☐states ☐local	
	Higher education teachers	☐ central/federal ☐states ☐local	
	Employees in the central ministry	☐ central/federal ☐states ☐local	
	Other (specify):	☐ central/federal ☐states ☐local	
Defence	Administrative employees	☐ central/federal ☐states ☐local	
	Professional armed forces	☐ central/federal ☐states ☐local	
	Conscripted soldiers	☐ central/federal ☐states ☐local	
	Other (specify):	☐ central/federal ☐states ☐local	
Other (*e.g.* police):		☐ central/federal ☐states ☐local	
		☐ central/federal ☐states ☐local	

Sources:

Comments:

29. If there is more than one level which finances a task, please check the relevant boxes and underline the level of government which finances the most.

1.3.2. Historical data

Please provide, if possible, the same table for 2000 (or closest year available) and 1995 (or closest year available). If historical data are not available, please provide a short commentary on the main changes between 1995 and 2005:

1.3.3. Comments: please feel free to add any comments or interpretations on the data provided above:

Section 2. Privately owned units which are mainly publicly financed and not classified in the General Government sector (categories 3, 4 and 5)

This section takes into account the diversity of forms of control and of modes of funding for service delivery, in particular the allocation of a budget, subsidies, indirect social security transfers (private hospitals, doctors operating in the private sector) or vouchers. Depending on your country's classification of General Government in the National Accounts, the categories below may include employment in private hospitals, mainly financed by public funds, doctors operating in the private sector, some associations or private enterprises, some private schools, which are directly or indirectly subsidized.[30] The defining characteristic is that public funding provides the majority of the resources (directly through subsidies and transfers or indirectly through transfers/reimbursements or vouchers to citizens). The non-profit units classified in the General Government per your country's classification are not included here (they were considered in the previous section).

In the National Accounts classifications, this section concerns thus employment in the following types of units (see Technical Annex):

(3) Non-profit institutions serving households, more than 50% publicly financed;

(4) Market non-profit institutions, indirectly more than 50% publicly financed; and

(5) Private for-profit corporations and quasi-corporations, (indirectly) more than 50% publicly financed.

However, private enterprises which are involved in subcontracting services are NOT included within these categories.

The sectors concerned are mostly health, social services, education, culture/religion and economic affairs. Only a few kinds of organisations may be concerned, but they can encompass a significant number of employees. Please use general employment sources as well as sector-specific employment data sources.

30. Indeed, some countries classify some or all of their publicly funded private schools, universities, hospitals, or other entities outside of General Government sector in the National Accounts.

2.1. Basic data/information

a. Do non-profit institutions mainly financed by government and classified outside the General Government sector exist in your country? If yes, please specify in which functional sectors (health, social services, education, etc.) and please provide information about employment levels, for 2005 or last available year. Please also specify in which institutional sector of the National Accounts they are classified (the sector of (quasi-)corporations or the sector of non-profit institutions serving households).

b. Do private for-profit organisations mainly financed by government exist in your country? ("For-profit" means without legal dispositions against the share of profits, and thus it can encompass for instance some doctors operating in the private sector as well as some subsidized enterprises, etc.) If yes, please specify in which functional sectors (health, education, etc.) and please provide information about employment levels, for 2005 or last available year.

2.2. Historical data

Please provide, if possible, the same information for 2000 (or closest year available) and 1995 (or closest year available), by using as much as possible the same sources of data. If historical data are not available, please provide a short commentary on the main changes between 1995 and 2005:

2.3. Comments: please feel free to add any comments on the data provided above

Section 3. The public (quasi-)corporations (6)

If your country compiles a specific sub-sector "public corporations/quasi-corporations" in the corporations sector in the National Accounts, or if your country identifies a pre-existing inventory of public corporations, please follow that definition.

This category does not include the market-producers classified in the General Government sector.

3.1. Basic data

Please complete the following table.

Category 6 Public enterprises: total employment and breakdown by levels of government	**1995 or closest year available:**	**2000 or closest year available:**	**2005 or closest year available:**
Total			
Central/federal			
States (if present in the National Accounts)			
Local government			

Sources:

Comments:

If you have breakdown by sub-sectors (defence, economic affairs, health, etc.) or breakdown by kind financial/non-financial, please provide them:

3.2. Comments: please feel free to add any comments on the data provided above

Section 4. Contracted-out services (7) and concessions (8)

4.1. Information on the use of contracted-out services (category 7)

In many countries, the use of contacted-out services has been extended during the last decade. However, this varies by the type of function and sector. In this question, investment or capital expenditure is not taken into account, and the information may correspond to intermediate consumption expenditures.

4.1.1. Basic data

Please specify in which sectors most or a very significant proportion of the following functions/tasks are contracted-out by general government units. Please feel free to adapt the classifications (in particular if you identify other specific areas):

Sectors	In the space below, please provide any data you may have that assess the weight of contracted out services in the sectors on the left column, either in financial terms or in terms of suppressed government posts in the process of contracting out (quantitative or qualitative data)
General administration	
Security and order (prisons, police etc.)	
Health	
Education	
Other sector (please specify):	

Sources:

Comments:

4.1.2. Please add any additional available data or documents that you may have

4.1.3. Comments: please feel free to add any comments on the data provided above. Has the situation significantly evolved over the past 10 years?

4.2. Information on concessions and for utilities (category 8)

The aim of this section is to describe which kinds of utilities belong to the General Government sector, and which are classified as public enterprises or concessions of legal monopoly to the private sector. The different arrangements can explain important differences in employment data, and are less documented internationally. The sectors for which data are sought are illustrative and not exhaustive.

4.2.1. Basic data

Please fill in the following table for the most recent periods. If the following services are provided by the private competitive market, you may specify it but do not provide any number. If they are provided by utilities classified in the General Government sector, by public corporations or by concessions of legal monopoly, please check the relevant box and provide employment data you may have for last available year.

Type of activities, you may change the classification below:	Are these services mostly delivered by:	Please provide employment data you may have, for last available year	Please add any comments you may have on the organisational provision of these services, especially if you have not filled in the employment column on the left
Water supply	☐ Utilities in General Government ☐ public corporation ☐ concession of legal monopoly		
Gas supply	☐ Utilities in General Government ☐ public corporation ☐ concession of legal monopoly		
Electricity/energy	☐ Utilities in General Government ☐ public corporation ☐ concession of legal monopoly		
Treatment of waste	☐ Utilities in General Government ☐ public corporation ☐ concession of legal monopoly		
Postal services	☐ Utilities in General Government ☐ public corporation ☐ concession of legal monopoly		
Railroads	☐ Utilities in General Government ☐ public corporation ☐ concession of legal monopoly		
Highways	☐ Utilities in General Government ☐ public corporation ☐ concession of legal monopoly		
Airports and harbours	☐ Utilities in General Government ☐ public corporation ☐ concession of legal monopoly		
Telecommunication	☐ Utilities in General Government ☐ public corporation ☐ concession of legal monopoly		
Pension funds (except compulsory social security)	☐ Utilities in General Government ☐ public corporation ☐ concession of legal monopoly		
Other, please specify:	☐ Utilities in General Government ☐ public corporation ☐ concession of legal monopoly		

Sources:

Comments:

4.2.2. Recent changes

Please specify whether market producers in General Government or public enterprises have been privatized or converted to concessions, etc. during the last decade. Please specify the approximate number of employees concerned:

4.2.3. Comments: please feel free to add any comments on the data provided above:

Section 5. Further information and sources of information for Part I

5.1. Sources

Please specify the sources used and whether they have been combined.

5.2. Other comments

Further remarks/information you might want to share:

PART II: AGGREGATE COMPENSATION COSTS AND WAGE BILL

This part concerns:
(1-2) The General Government sector.

If you do not have these data, please forward these questions to appropriate statistical sources, which can be for instance the statistical office, the Ministry of Finance, or specific agencies.

If possible, please use the following definitions. If you answered this question using total labour costs (*i.e.* including all voluntary costs) or social benefits in kind, please indicate it.

Total Compensation Costs: Includes all of the mandatory employers' contributions to social insurance and the voluntary contributions paid on behalf of employees.

Wage bill: Represents overall wages and other remuneration paid in cash in a given year, before deduction of income tax, payments to various social or unemployment insurance schemes and other pension schemes paid for by employees. Contrary to total compensation costs, it excludes the mandatory employer's contributions to social insurance and the voluntary contributions paid on behalf of employees.

2.1. Basic data

Please complete the following tables.

Currency used:

	1995 or closest year available:	2000 or closest year available:	2005 or closest year available:
Total General Government			
Wage bill			
Compensation costs			

	1995 or closest year available:	2000 or closest year available:	2005 or closest year available:
Breakdown by level of government. If necessary, you can adapt the breakdown of levels of administrations to follow the breakdown of employment levels (Part 1), (including by adding the social security sector).			
Central or Federal administration			
Wage bill			
Compensation costs			
States (if present in the National Accounts)			
Wage bill			
Compensation costs			
Local government			
Wage bill			
Compensation costs			

Breakdown by functional sub-sector (The functional sub-sectors listed below are **indicative**; they may be replaced by the classification which applies to the public sector in your country).			
	1995 or closest year available:	**2000 or closest year available:**	**2005 or closest year available:**
Health			
Wage bill			
Compensation costs			
Education			
Wage bill			
Compensation costs			
Police			
Wage bill			
Compensation costs			
Defence			
Wage bill			
Compensation costs			
Other (specify):			
Wage bill			
Compensation costs			

Sources:

Comments:

2.2. Consistency

Please specify if the data on wage bill and compensation costs correspond to the employment data provided in Part 1:

If not, please provide estimations of the corresponding gaps (in numbers of employees concerned or in corresponding compensations):

2.3. Deductions

Please specify the (average) rates of deduction of income tax, payments to various social or unemployment insurance schemes and other pension schemes paid for by employees:

2.4. Comments

Please feel free to add any comments on the data provided above:

TECHNICAL ANNEX

Data collection categories

The key to understanding Part I is that it seeks data/information on each of eight categories of public domain employment, which can then be combined to form the key sub-domains of public employment. We benchmark on the classification by institutional sectors used in the National Accounts (see Table 1 below for the correspondences) and focus on the type of units. We also allow the possibility during the questionnaire to answer with aggregate numbers if some breakdowns are not available. The categories for data collection in the questionnaire are:

1. General government sector (*e.g.* core ministries and departments, public independent agencies, public schools and public hospitals, government producers such as print shops or utilities that do not have a separate full trading account and remain integrated with the government units that own them, social security funds) excluding private non-profit institutions.

2. Private non-profit institutions classified in general government sector (*e.g.* private non-profit educational, health or social care bodies, fully or mainly funded by government and classified in the General Government sector).

3. Non-profit institutions serving households more than 50% publicly financed (*e.g.* some organisations providing social, educational, cultural services).

4. Market non-profit institutions indirectly more than 50% publicly financed (*e.g.* private non-profit hospitals mainly financed by social security transfers).

5. Private for-profit corporations and quasi-corporations more than 50% publicly financed (*e.g.* liberal doctors, some subsidized private enterprises).

6. Public enterprises: public (quasi-)corporations: they are involved in a market production; this excludes market-producers classified on the General Government sector.

7. Use of contracting-out: Some information is also asked concerning the type of sub-contracted services.

8. Concessionary utilities: they are private, involved in market production, and have special agreements in the production of monopolistic services (*e.g.* depending on the arrangements in the country, water supply, electricity supply, highways, postal services, etc.).

Table 1 below sets out the key classifications, and shows how the four sub-domains are built up from classifications which are consistent with the SNA, and also illustrates how data collection in the eight categories can be aggregated to provide the total employment numbers for these sub-domains.

Some specific aspects of the data collection categories are:

- Data category 1 (General government excluding private non-profits institutions) corresponds to (i) as mentioned in the introduction. It encompasses government units, market producers as well as social security funds, at each level of government (central/federal, states, local, etc.). It is close to the conception of the General Government sector in the National Accounts: however, it excludes employment in private non-profit institutions (such as private schools or private hospitals, as well as other private associations), even if they are mainly financed and considered to be "controlled" by government units, and thus classified in the General Government sector;

- Data categories 1 + 2 = General Government sector in the sense of the National Accounts;

- Data categories 2, 3, 4 and 5 correspond to sub-domain (ii). They concern employees of private institutions mainly financed by public funds, excluding sub-contracted private enterprises;

- Data category 6 corresponds to sub-domain (iii). It should not include market producers classified in the General Government sector;

- Data categories 7 and 8 correspond to sub-domain (iv).